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Report Highlights:

This report provides a news synopsis of trade policy and agriculture/commodities in China. News includes: (1) Soybean Imports in Heilongjiang Grow Fourfold; (2) New Taxation Policy Leads to Increasing White Liquor Price; (3) New Licensing Requirement for Imports of Dairy Products; (4) Beijing Central Business District to Expand; (5) Wine Trading Center in South China Opens in Guangzhou; (6) New Fishery Market Expected to open in Weihai, Shandong Province

General Information:

Soybean Imports in Heilongjiang Grow Fourfold:

According to an August 3 news report from the Ministry of Commerce (MOFCOM) website, Heilongjiang Province imported 798,000 MT of soybeans in the first half of this year, a fourfold increase compared with the same period last year. The average import price is U.S.\$ 405.8 per MT, down 30.2 percent compared to the same period the previous year.

Based on statistical data from Harbin customs, Heilongjiang Province imported 483,000 MT of U.S. soybeans from January to June, an increase of 7.4 percent, and accounting for 60.6 percent of the entire province's soybean imports. China's total soybean imports during the first three months of 2009 increased by 30.4 percent compared with last year.

The average CIF price for imported soybeans is U.S.\$ 87.7 (RMB 600) per MT lower than domestically produced soybeans. However the oil yield of imported soybeans is about three percent higher than domestic soybeans. With

lower prices and higher oil yields, manufactures have turned to imported soybeans. The planted area of soybeans in Heilongjiang is estimated to decrease by 20 percent this year. (Source: 21st Century Business Herald)

New Taxation Policy Leads to Increasing White Liquor Price:

Effective August 1, the “Managerial Measure of Taxation on White Liquor” has changed the tax rate for white liquor, resulting in a tight profit margin for producers. Previously, the tax on white liquor included the specific duty of one RMB per kilogram, and a 20-percent ad valorem duty on the factory price. According to the new policy, the government has changed the consumption tax to increase the ad valorem duty to 70-percent on wholesale prices. The consumption tax paid by each manufacture will likely double after the new policy is put into practice. The new policy aims to tackle tax evasion by producers. Under the earlier dispensation, white liquor makers could avoid paying much of the tax by selling the product to distributors at low prices and then resell them at a much higher price. According to a financial analyst, increasing prices to transfer part of the financial burden to customers is a natural choice for producers. It is estimated higher taxes may lead to a 10 to 15 percent price increase per bottle. (Source: Xinhua Net)

New Licensing Requirement for Imports of Dairy Products:

Effective August 1, MOFCOM and the General Customs Administration (GCA) jointly announced new requirements for imported dairy product permits for imports of fresh milk, powdered milk, and whey. Xinhua news agency quoted industry officials urging government authorities to take measures to avoid dumping of less expensive foreign imports. Prices for imported powdered milk were 29 percent lower than the cost of domestic producers, according to the report. In a separate move, MOFCOM has placed fresh milk, powdered milk, and whey on the catalog of major agricultural commodities subject to import monitoring. Traders are obligated to report trade data to the main agricultural trade association China Chamber of Commerce For Import and Export of Foodstuffs, Native Produce and Animal Byproducts. (Source: ATO Guangzhou and local media)

Beijing Central Business District to Expand:

The Beijing government has received an official sanction to expand the current Central Business District (CBD) another three square kilometers east in Beijing. The current CBD includes 130 of the top 500 international companies, and 203 international foreign financial companies. The new CBD will cover nearly 10 square kilometers, with transport facilities fully developed to release the pressure of ground transportation in the area. The area is projected to be a center for finance, media and business, as well as a model energy efficiency area. In the next six to eight years, the new CBD will become China’s showcase for advanced architecture, advanced and public transportation. Post believes this will attract more businesses into Beijing. (Source: ATO Beijing, Beijing Youth Daily)

Wine Trading Center in South China opens in Guangzhou:

Guangdong International Wine & Liquor Exchange Center (GIWLEC), located in the bonded area of the Guangzhou Free Trade Zone (a 45 minute drive north of Guangzhou) opened on July 19. According to the center’s management, it aims to build GIWLEC into the largest international wine and liquor trading center in China in coming years. GIWLEC is the largest wine and liquor trading center in South China. It covers a space of 1.08 million square feet (100,000 sqm). It is the third in the world to adopt an electronic platform for wine trading after New York City and London. The center provides a fully integrated service to wine traders, including international transportation, port service, warehouse facility, customs clearance, domestic logistics, third party quality inspection and financial assistance. (Source: ATO Guangzhou)

New Fishery Market Expected to Open in Weihai, Shandong Province:

The Weihai Fishery Wholesale Market is under construction and expected to open in November this year. The new wholesale market is located conveniently near the Yuanyao New Port to ensure the shortest distance from the port and to the wholesale market. The wholesale market has over 48,000 sqm of floor trading area, and can accommodate live, fresh, frozen, dry, and imported fishery products. The market will also be equipped with a laboratory to test food quality and will have a trading capacity of nearly \$220 million (1.5 billion RMB) per year. (Source: ATO Beijing, China Food News)